

Judicial Retirement System Optional, Contributory, Group Life Insurance Program

PROGRAM OVERVIEW

March 1, 2004

This document contains important information about a life insurance benefit program available to active judges who are members of the Judicial Retirement System (JRS). Please read this document before reviewing the enclosed program information.

IMPORTANT NOTE. The JRS Optional Contributory Group Life Insurance Program is separate and distinct from the non-contributory insurance you are provided, free of charge, through membership with the JRS. Any action you take to name or change beneficiaries of this contributory insurance has no impact on and does not change the beneficiary designations of your non-contributory insurance policy.

Program Description

The New Jersey State House Commission, Trustees of the JRS, offers the JRS Optional, Contributory, Group Life Insurance Program to active members of that retirement system under the provisions of Chapter 205, P.L. 1997. The Prudential Insurance Company of America underwrites and administers this program with the assistance of the Administrative Office of the Courts (AOC) and the NJ Department of Treasury Centralized Payroll Office under the terms of a contract with the State House Commission. The Department of the Treasury, Division of Pensions and Benefits provides oversight of the contract for the program with The Prudential Insurance Company of America.

This Optional Contributory Group Life Insurance Program offers you the following choices:

- Group Optional Term Life Insurance in the amount of 1½, 2, 3, 4, or 5 times your annual salary; or
- Group Variable Universal Life (GVUL) insurance in the amount of 1½, 2, 3, 4, or 5 times your annual salary. An after-tax investment option comes with the GVUL insurance that allows you to direct funds (by check or payroll deduction) to any of sixteen variable investment options; and
- A \$5000 Dependent Term Life Insurance policy for your spouse, and/or your eligible dependent children if you sign up for either the Group Optional Term Life Insurance or the Group Variable Universal Life Insurance.

Each element of the benefits included in this new program, the Group Optional Term Life Insurance, the GVUL (insurance with investment options), and the Dependent Term Life Insurance is described in more detail in the enclosed literature.

Enrollment Requirements

All new judges are required to enroll in the contributory insurance program for the first twelve months (26 pay periods) of membership in the Judicial Retirement System. Judges may choose to enroll in either plan - the Group Optional Term Life Insurance or the GVUL plan -, at the minimum coverage level (1½ times your annual salary) or they may choose higher levels of coverage. The minimum coverage is available to new judges without any evidence of insurability; applications for insurance coverage at the 2, 3, 4, and 5 times salary level will require evidence of insurability satisfactory to The Prudential Insurance Company of America on the coverage amounts above the minimum level. If you are required to provide evidence of insurability, a Prudential Group Insurance representative will contact you directly to make any necessary arrangements.

The effective date of the minimum coverage and any dependent coverage, if selected, will be the date you take your oath of office. If you elect a higher level of coverage, the effective date of the coverage above the minimum level will be contingent upon The Prudential Insurance Company of America's review and approval of your evidence of insurability.

After your first year of mandatory enrollment in this contributory insurance program, you may cancel your coverage at any time. You will be permitted to enroll in the program again at any time, contingent on your continued active status in the JRS. However, you will be required to provide evidence of insurability satisfactory to The Prudential Insurance Company of America for all coverage levels in order to reenroll.

Application Instructions

Review the enclosed literature and complete the appropriate application for the desired plan. (There are separate applications for Group Optional Term Life Insurance and the GVUL Insurance). Forward the application to the AOC Human Resources Office along with your health and dental applications and other payroll forms.

Other Important Program Information

- The premium rates listed in the literature are guaranteed until May 2004. Thereafter, the rates will be experience based and can be changed annually.
- The insurance premium rate you pay will be based on your age as of the effective date of your enrollment into the program. Changes to your premium rate based on your age will take effect each year on the first day of the pay period that includes May 1st.
- Increases to your life insurance based on an annual salary increase (due either to legislative directed increases for all judges, appointment as an Assignment Judge, or elevation to a higher bench) will take effect at the same time as rate changes due to age, as previously described. The charges for the increased insurance will also start at this time.
- If you terminate your mandatory coverage after the first year, you may enroll at any time in the future. You may increase your coverage or add dependent coverage as often as you like and at any time. (You will have to provide evidence of good health satisfactory to The Prudential Insurance Company of America when you re-enroll and whenever you increase your insurance coverage or add dependent coverage.) You may switch between Group Optional Term Life Insurance and GVUL once a year.
- Your GVUL Insurance is portable. That is, it can be continued after you retire or leave the bench for any other reason.
- Your Group Optional Term Life Insurance will end when you retire or leave the bench. It can, however, be converted to an individual, whole life policy with The Prudential Insurance Company of America without having to provide evidence of good health.
- Your selection of insurance under this program will not increase your imputed income like the Non-Contributory Program does. The particular structure of the program excludes it from Section 79 of the Internal Revenue Code that governs imputed income for employer-provided benefits.

Your Enrollment Package

The enrollment package contains the following items:

- Introductory Letter from Prudential
- This Program Overview;
- Enrollment Kit for Group Optional Term Life for Judges and Dependent Term Life for Spouse and Child(ren) (includes the Group Optional Term Life Insurance enrollment application);
- Current Group Variable Universal Life Prospectus;
- Current Supplement to the Group Variable Universal Life Prospectus;
- Group Variable Universal Life Enrollment Kit;
- Group Variable Universal Life Enrollment Application; and a
- Chart of JRS Optional Contributory Insurance Amounts.

If you have any questions about the program, contact The Prudential Insurance Company of America at 1-800-562-9874. If you are missing any of the enrollment literature or application material, please contact Ellen Apparies in the AOC Human Resources Office at 609-292-4687.

Note: Loans and withdrawals reduce cash values and death benefits and surrender may have tax consequences. Please be sure to consult your own tax advisor for complete information and advice.

Group Optional Term Life Insurance and Dependent Term Life Insurance coverages are issued by The Prudential Insurance Company of America, a Prudential Financial company, 751 Broad Street, Newark, NJ 07102. A Booklet-Certificate, with complete plan information, including limitations and exclusions, will be provided. If there is a discrepancy between this document and the Booklet-Certificate issued by The Prudential Insurance Company of America, the terms of the Booklet-Certificate will govern. Contract Series 83500.

Group Variable Universal Life (Contract Series: 89759) coverage is issued by The Prudential Insurance Company of America, 751 Broad Street, Newark, NJ 07102. Group Variable Universal Life is offered through Prudential Investment Management Services LLC, Three Gateway Center, 14th Floor, Newark, NJ 07102-4077, both The Prudential Insurance Company of America and Prudential Investment Management Services LLC, are Prudential Financial companies.

THIS MUST BE PRECEDED OR ACCOMPANIED BY A CURRENT GVUL PROSPECTUS. PLEASE READ THE PROSPECTUS CAREFULLY BEFORE ENROLLING OR INVESTING MONEY.